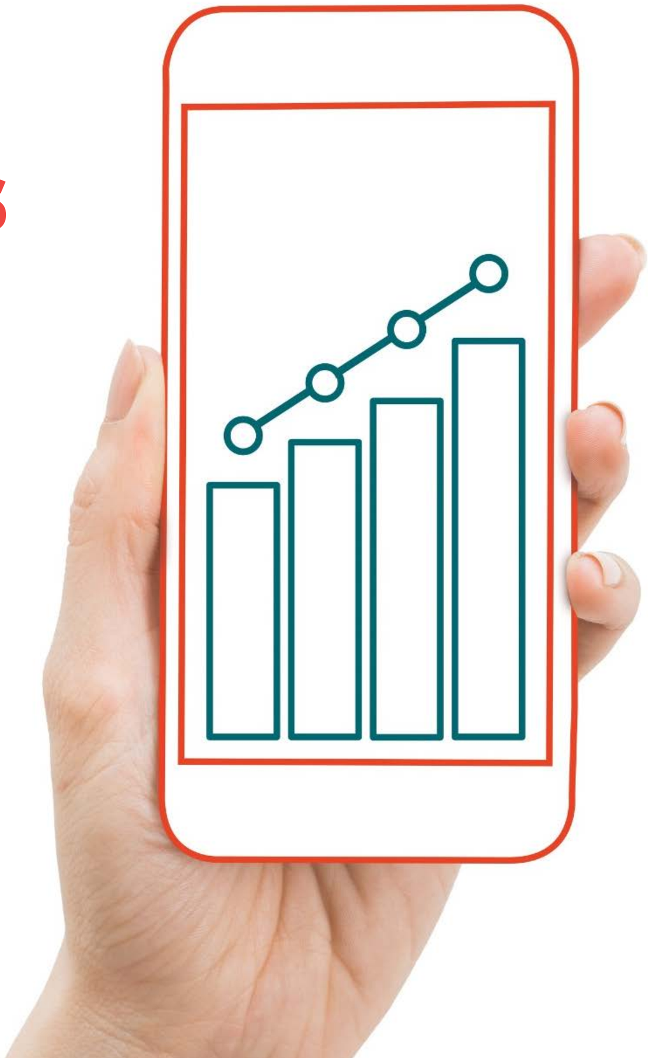
Hastings Group Holdings plc
28 February 2019

Annual results presentation



Agenda

Key highlights

Hastings

1 Growth whilst maintaining underwriting discipline

- Policy count up 2.5% to 2.71m, in a competitive market
- Average written premiums up 1.2%, and ahead of market
- Calendar year loss ratio of 75.0%, at the bottom of our target range
- Adjusted operating profit of £190.6m, up 4% or broadly flat excluding the impact of prior year VAT refund and Q1 weather events

2 Strong cash generation and capital position

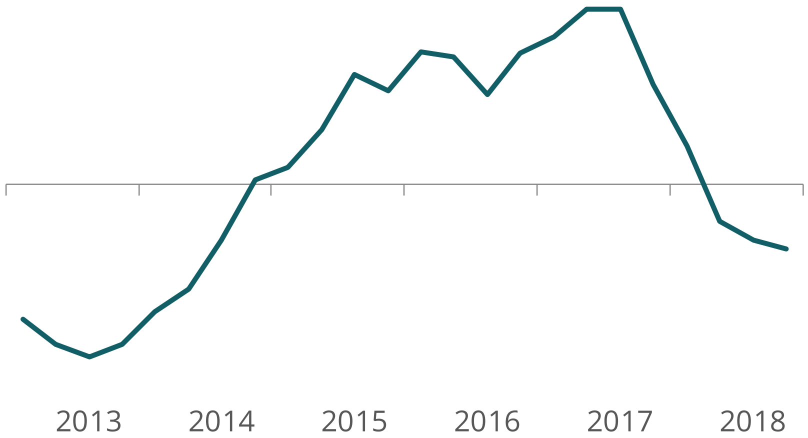
- Strong Group cash generation and pre-dividend Solvency II capital ratio of 194%
- Reinsurance programme successfully renewed on similar terms
- £250m fixed rate bond issued with investment grade credit rating
- A total dividend of 13.5 pence per share, a 7% increase on 2017
- Increased ordinary dividend payout ratio guidance to 65-75%

3 Continued delivery of enhanced capability

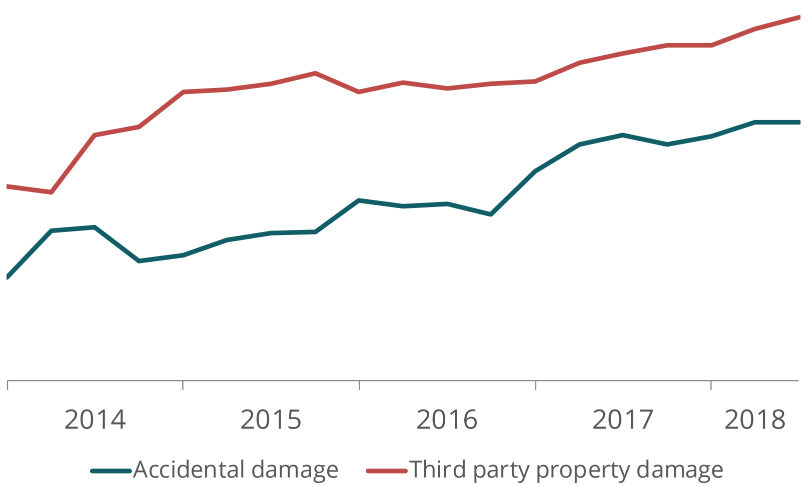
- Guidewire programme complete, providing a scalable platform for future growth
- Major milestones delivered for customer digitalisation, including mobile app launch, online self-serve functionality and digital claims notification and tracking
- Highest ever colleague engagement score and appointment of CFO and COO

Market trends

Market average written premium inflation, net of IPT (ABI)



Market average cost per claim (ABI)



Premiums

- Market premium reductions throughout 2018, down from 2017 highs
- Hastings average written premiums 1% higher than 2017, with underwriting discipline maintained

Claims

- Stable frequencies
- Increased cost per claim primarily driven by higher repair and third party costs (credit hire)
- Hastings trends consistent with the market

Update on our targets

	2018	2017	IPO (Oct 2015)
Calendar year loss ratio of 75-79%	75.0%	73.0%	75.4% (FY 2015)
Over 3m customers during 2019, but not at the expense of profitability	2.7m	2.6m	2.0m
Net debt leverage multiple of around 1.0x during 2019	✓	1.4x	2.0x
Dividend payout ratio of 50-60%	58.8%	55.5%	

Group financials

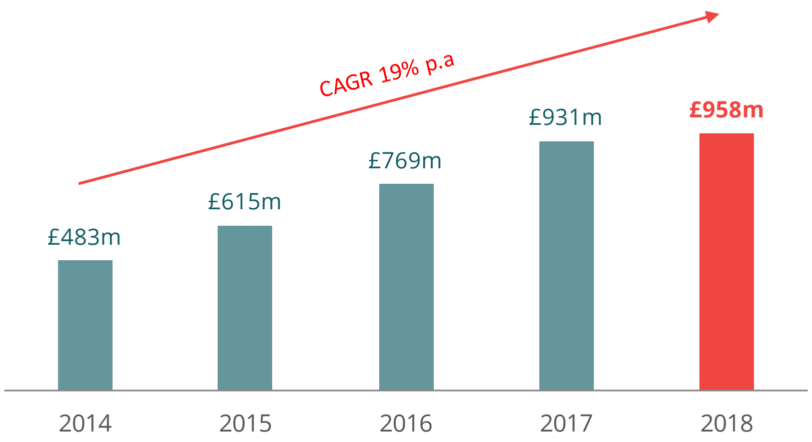
Richard Hoskins

Strong track record

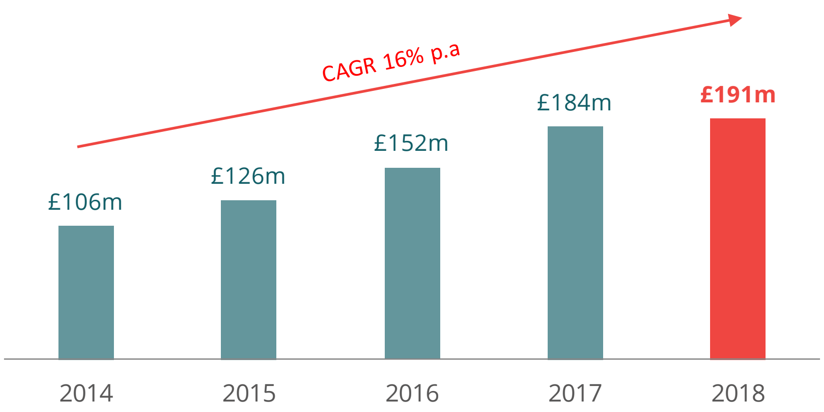
Hastings

- A long track record of continued growth, capital strength and returns to shareholders

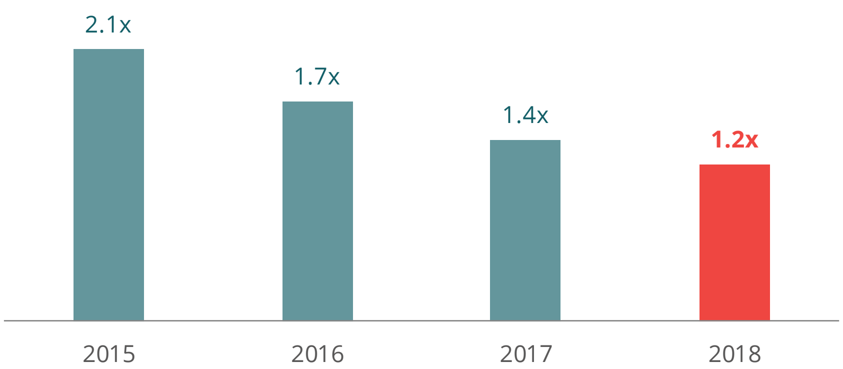
Gross written premiums



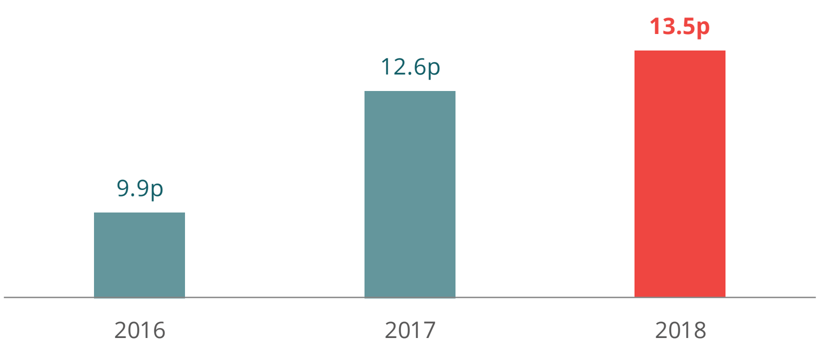
Adjusted operating profit



Net debt leverage



Dividend per share



Group results

Hastings

£'m	2018	2017	
Net earned premiums	**440.7**	**410.1**	**7%**
Retail income	273.4	261.7	**4%**
Reinsurance and investment income	42.3	43.8	
Net revenue	**756.4**	**715.6**	**6%**
Net insurance claims	(330.6)	(299.5)	
Acquisition costs	(74.6)	(64.9)	**8%**
Other operating expenses	(175.2)	(167.1)	
VAT refund in respect of prior periods	14.6	-	
Adjusted operating profit	**190.6**	**184.1**	**4%**
Net income	**148.5**	**144.6**	**3%**
Profit after tax	**130.6**	**126.7**	**3%**
Adjusted EPS	**22.6p**	**22.0p**	**3%**

Solid profitability in 2018

Net earned premiums
Up 7% reflecting policy growth and higher average written premium earning through

Retail income
Up 4% driven by increased policy count

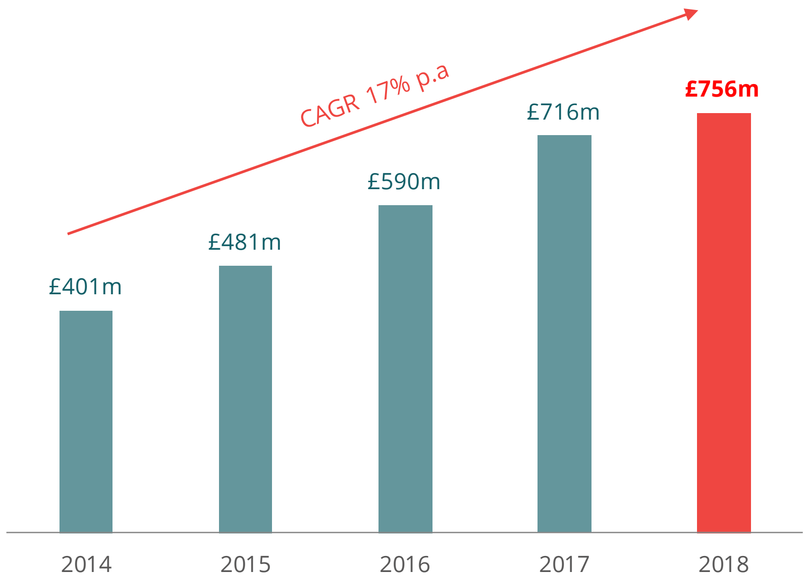
Operating expenses
Slow down in expense growth, reflecting strong expense discipline despite continued investment for the future

Adjusted operating profit
Up 4%, or broadly flat excluding the impact of prior year VAT refund and Q1 weather events

Profit after tax
Up 3%, reflecting solid operating performance

Net revenue

Hastings



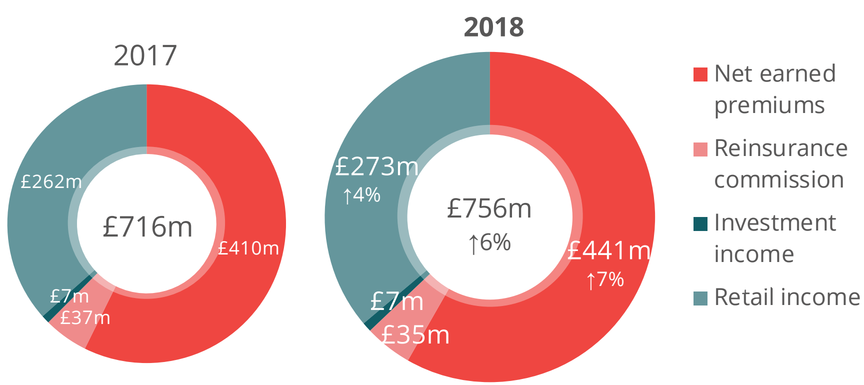
Continued net revenue growth

Net earned premiums
Net earned premiums growth driven by increased policy count and 2017 written premium inflation earning through, with average gross motor earned premium up 3%

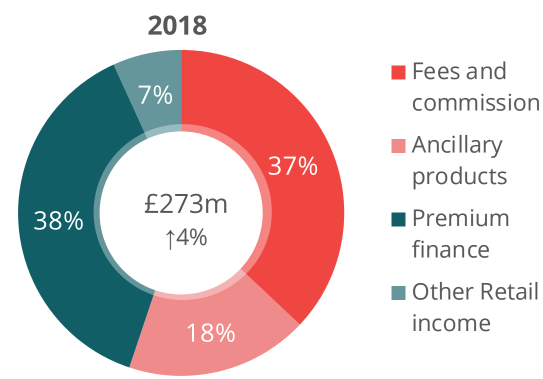
Retail revenue
Retail revenue growing broadly in line with policy count

Diversified retail revenue streams

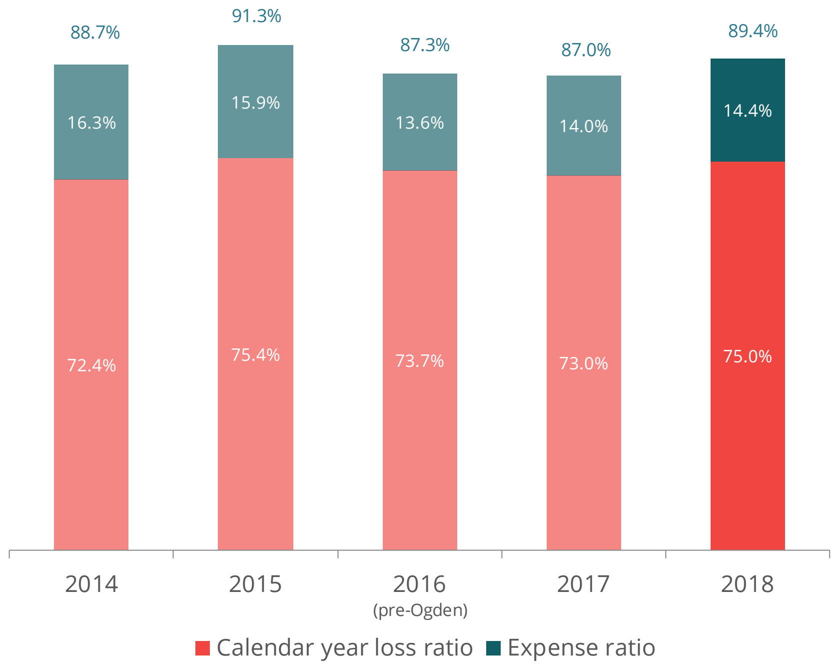
Net revenue breakdown



Retail revenue breakdown



Combined operating ratio



Consistent and strong combined operating ratio

Accident year loss ratio
Accident year loss ratio increased to 76.1% (2017: 73.8%), or 75.3% excluding the impact of Q1 weather, with claims inflation ahead of earned premium inflation

Expense ratio
Expense ratio marginally up from prior year due to increased underwriting levies

Inflation
Earned premium inflation of 3% and claims inflation of 5% excluding the impact of Q1 weather

Calendar year loss ratio

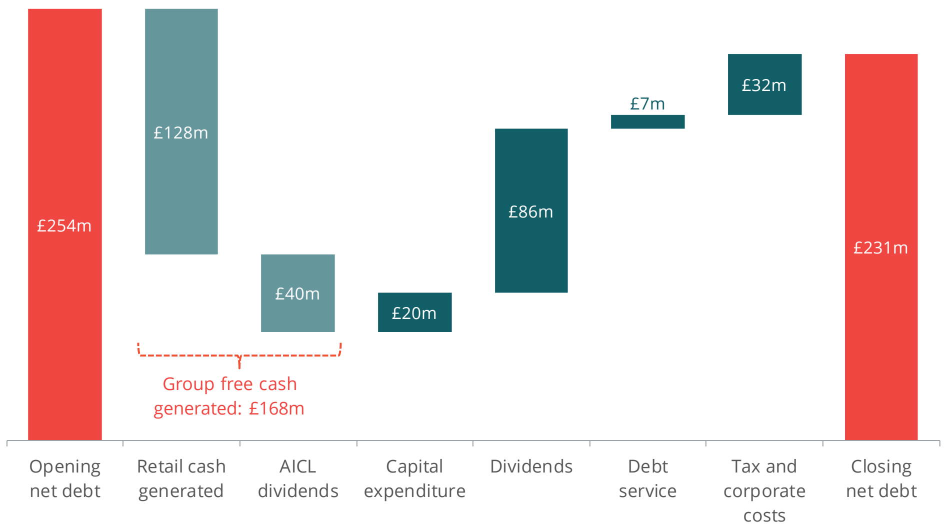
	2017	2018
Accident year loss ratio (excl. weather)	73.8%	75.3%
Weather impact	-	0.8%
Accident year loss ratio	73.8%	76.1%
Prior year development	(0.8)%	(1.1)%
Calendar year loss ratio	73.0%	75.0%

Premium & claims inflation

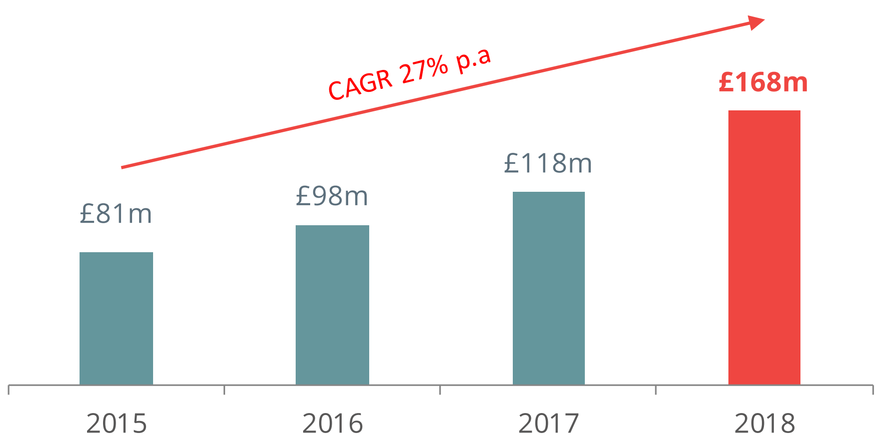
	2017	2018
Written premium inflation	7%	1%
Earned premium inflation	7%	3%
Claims inflation	5%	6%

Group free cash flow and leverage

Hastings



Group free cash generated



Target capital structure delivered

Debt facility
Issued £250m unsecured fixed rate investment grade bond, used to repay the revolving credit facility

Group free cash
Strong Group cash generation of £168m, 42% higher than prior year (2017: £118m), supported by £40m Advantage dividend

Capital expenditure
Capex of £20m primarily driven by investment in technology, including data, digital and Guidewire

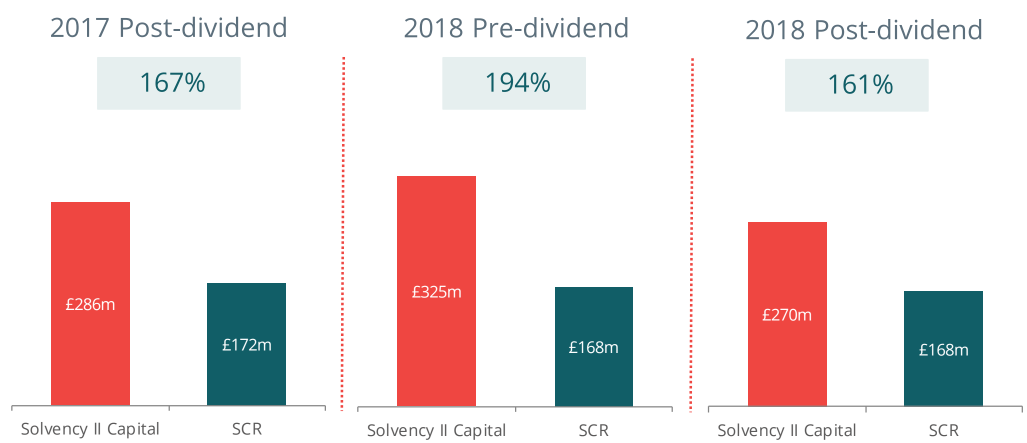
Dividend
8.5p per share final 2017 and 4.5p interim 2018 dividend paid

Net debt leverage multiple
Net debt leverage multiple of 1.2x, or 0.9x including Advantage 2018 final dividend

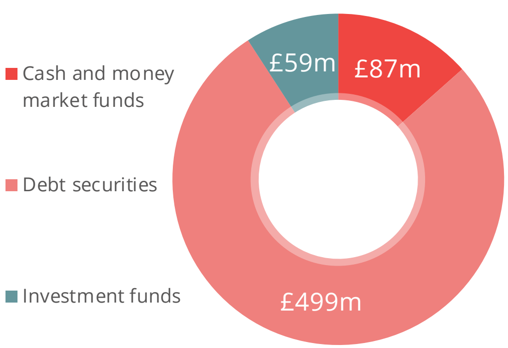
Advantage capital and solvency

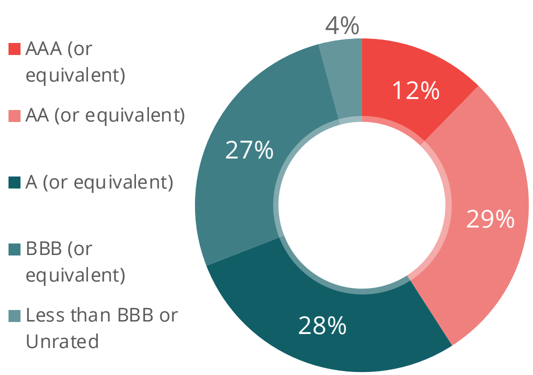
Hastings

Solvency II coverage



Advantage investment portfolio





Rating of non-cash investments

Strong Advantage capital position

Solvency II
Solvency II coverage ratio of 161%, post a £55m Advantage dividend (194% pre-dividend)

All Solvency II Own Funds comprise Tier 1 capital

Reinsurance contracts
2019 reinsurance arrangements successfully renewed on a basis consistent with 2018

Investment portfolio
Strongly rated investment portfolio with overall A+ credit rating of debt securities, consistent with 2017

Capital management framework

Hastings

Maintain strong balance sheet and capital position	Group net debt leverage of around 1x, strong Retail cash generation and Advantage SCR of between 140–160%
Invest organically for profitable growth	Continued organic investment in enhancing our capabilities to support our strategic ambitions and growth agenda
Ordinary dividends	Ordinary dividend payout ratio of 65-75% over the medium term
Opportunistic approach to M&A	Consider value-enhancing bolt-on growth opportunities which will accelerate our strategic ambitions and growth agenda
Excess capital	Surplus capital returned to shareholders over the longer term

Hastings

Looking ahead

Toby van der Meer

Well positioned in attractive markets

Hastings

We operate in large markets…

	Motor	Home
Size of market	32m	21m
Current market PCW penetration	73% ⇧	56% ⇧
Our policies	2.3m	0.2m

…with favourable dynamics, creating opportunities for focused, nimble players

- Consumer switching focus
- Ongoing price comparison websites growth
- Technological change, including digital, pricing and claims
- Welcome regulatory changes including whiplash reform and pricing practices

Our strategy

Hastings

A differentiated business model

- Strategically focused
- Small team, colleague-centric culture
- Built for the way consumers buy their insurance
- Underwriting discipline (and separation from Retail)
- Low cost, efficient operating model

Clear on where we want to be the best – with new investment

- Next generation technology – digital focus
- Market leading pricing and anti-fraud
- Transformation of claims management
- Longer and deeper customer relationships

Targeting substantially and sustainably larger scale

- One of the market leaders by 2023
- Significantly larger policy count, strong margins and low cost
- Further diversification beyond car insurance
- Straightforward for customers

Underpinned by
Strong capital position + high returns to shareholders

Become the

Best and biggest digital insurance provider

Delivery momentum into 2019

Hastings

Technology & digital

- Guidewire programme completed with car and home live
- Increasing uptake of MyAccount functionality
- Mobile app live
- New live chat service

Pricing & Analytics

- Significant new data sources live in our pricing models
- Embedded our next generation analytics platform
- New anti-fraud platform and enhanced digital fraud prevention
- Home enhancements including new panel and Advantage underwriting

Claims transformation

- Tender of repair contract in final stages
- Increased use of data and technology, including digital claims notification and tracking
- Vehicle technology

Colleagues

- Highest ever colleague engagement score and reduced attrition
- Diversity initiatives including 30% Club
- New CFO and COO

Summary

Hastings

1. Disciplined approach to trading during 2018, delivering a solid set of results, growth in LCP, and increased dividends
2. Focus on pricing discipline continues into 2019
3. A clear plan supported by new investments with good progress made to date
4. Strong capital position with increased dividend payout ratio target of 65–75%

Q&A

Appendix

Adjusted operating profit to profit after tax

Hastings

£'m	2018	2017
Adjusted operating profit	**190.6**	**184.1**
Operational amortisation and depreciation	(7.5)	(5.5)
Finance costs	(8.5)	(7.8)
Underlying profit before tax	**174.6**	**170.8**
Underlying taxation expense	(26.1)	(26.2)
Net income	**148.5**	**144.6**
Non-operational amortisation and other fair value adjustments	(21.7)	(21.8)
Tax effect of the above adjusting items	3.8	3.9
Profit after tax	**130.6**	**126.7**

Group balance sheet

Hastings

£'m	2018	2017
Assets		
Goodwill	470.0	470.0
Intangible assets	80.5	87.4
Property and equipment	22.7	14.2
Deferred income tax asset	6.6	6.6
Reinsurance assets	1,212.1	1,087.7
Deferred acquisition costs	34.5	31.1
Prepayments	7.6	5.3
Insurance and other receivables	444.7	421.0
Financial assets at fair value	558.0	539.6
Cash and cash equivalents	146.0	154.6
Total assets	**2,982.7**	**2,817.5**
Liabilities		
Loans and borrowings	244.3	272.0
Insurance contract liabilities	1,820.8	1,665.6
Insurance and other payables	243.4	239.8
Deferred income tax liability	8.5	16.0
Current tax liabilities	14.7	11.2
Total liabilities	**2,331.7**	**2,204.6**
Total equity	**651.0**	**612.9**
Total equity and liabilities	**2,982.7**	**2,817.5**

Return on capital employed

Hastings

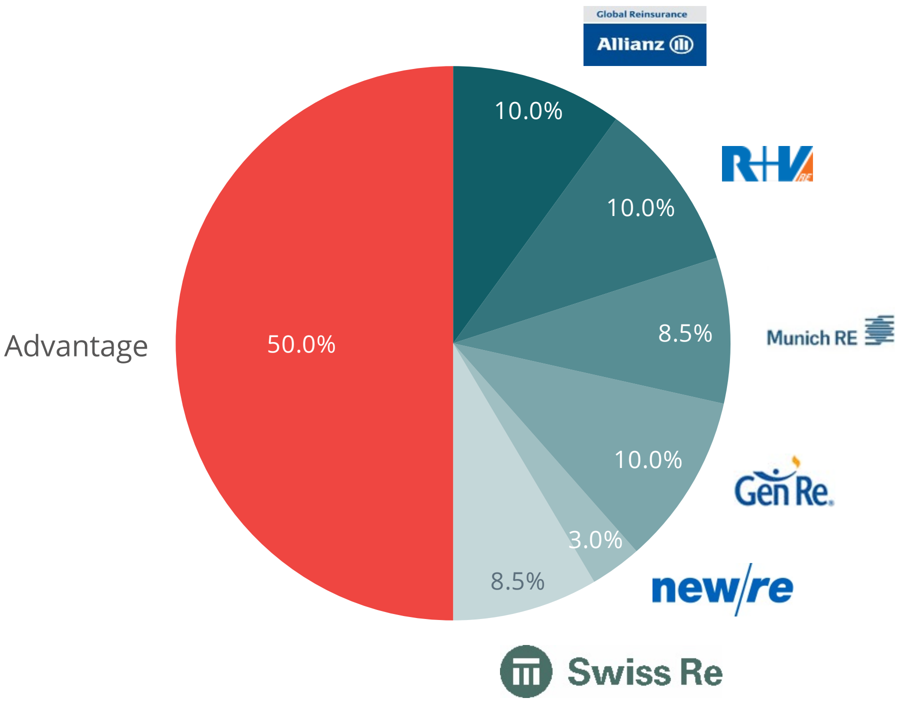
£'m	2018	2017
Advantage deployed capital[1]	293.6	255.0
Retail deployed capital[2]	40.7	34.2
Corporate free cash[3]	4.0	4.8
Capital employed	338.3	294.0
Net income	148.5	144.6
Return on capital employed	**43.9%**	**49.2%**

1 Advantage deployed capital represents the average of Advantage Insurance Company Limited net assets during each period
2 Retail deployed capital represents the average of Hastings Insurance Services Limited total capital resources, being net tangible assets
3 Corporate free cash represents the average cash held during the period in the Group's corporate entities

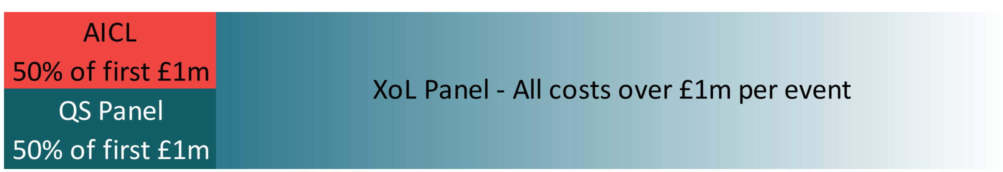
Motor reinsurance

Hastings

Quota share (QS) reinsurance programme (2019)



Excess of Loss (XoL) reinsurance programme (2019)



Capital efficient reinsurance programme

QS contracts

All contracts placed on a continuous basis

Reinsurer margins on 2019 programme broadly maintained providing stability in overall cost of QS

Continued incremental reduction in risk transfer point versus the 2018 programme

Well diversified, high quality reinsurance panel, all rated AA- or above

XoL

Unlimited XoL cover on a traditional programme basis

Maintained at historic levels, fully covering losses exceeding £1m per event

Disclaimer

Hastings

This document, which has been issued by Hastings Group Holdings plc (“the Company”), has not been independently verified and no representation or warranty, express or implied, is made by or on behalf of the Company or any of its subsidiary undertakings and any of such person’s directors, officers, employees, agents, affiliates or advisers (each an “Identified Person”) as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. No Identified Person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document including any subsequent discussions.

Unless otherwise stated, all financial statements contained herein are stated in accordance with generally accepted accounting principles in the UK at the date hereof. This document includes IFRS and non-IFRS financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of the Company’s net assets and financial position or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Past performance of the Company cannot be relied on as a guide to future performance. The forward-looking statements contained herein appear in a number of places and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements are inherently uncertain because they relate to events and depend on circumstances that may or may not occur in the future. These statements have been prepared on the basis of a number of assumptions which may prove to be incorrect, and accordingly, actual results may vary. The forward-looking statements only reflect the information available as at the date of preparation of this document and, unless required by applicable law, the Company and its directors expressly disclaim any obligation or undertaking to update or revise this information. Nothing in this document should be construed as a profit forecast.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell or solicitation of an offer to buy any securities or other financial instruments or any advice or recommendation with respect to such securities or instruments in the United States, Australia, Canada, Japan, South Africa or any other jurisdiction.

The financial information set out in this document does not constitute the Company's statutory accounts in accordance with section 423 Companies Act 2006 for the period ended 31 December 2018.